

Message Text

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ACTION NEA-10

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FM AMEMBASSY NEW DELHI
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INFO AMCONSUL BOMBAY
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AMEMBASSY ISLAMABAD
AMEMBASSY KABUL
AMEMBASSY KATHMANDU
AMCONSUL MADRAS
AMEMBASSY MOSCOW
CINCPAC

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CINCPAC FOR POLAD

E.O. 11652: N/A
TAGS: PINT, IN
SUBJECT: MRS. GANDHI, OTHERS GRANTED BAIL IN THE "JEEP CASE"

REF: NEW DELHI 11249

1. MRS. GANDHI AND OTHERS ACCUSED IN THE SO-CALLED "JEEP CASE" APPEARED IN THE COURT OF DELHI SPECIAL JUDGE J.D. JAIN FOR THE FIRST HEARING ON AUGUST 23. SHE AND THE OTHERS WERE GRANTED BAIL IN THE AMOUNT OF RS. 15,000 AND WERE ALSO EXCUSED FROM HAVING TO MAKE PERSONAL APPEARANCES IN COURT AT SUBSE-
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QUENT HEARINGS IN THE CASE. THE JUDGE SET THE NEXT HEARING FOR NOVEMBER 4, ALTHOUGH MRS. GANDHI'S ATTORNEY HAD REQUESTED A LONGER DELAY TO ENABLE THE DEFENSE TO EXAMINE THE DOCUMENTARY EVIDENCE COLLECTED BY THE CBI.

2. THE "JEEP CASE", ON WHICH CHARGES AGAINST MRS. GANDHI AND THE OTHERS WERE FILED JULY 22 INVOLVES THE ALLEGED MISUSE OF

OFFICIAL POSITION BY THE ACCUSED IN PROCURING 139 JEEPS FOR CONGRESS PARTY CAMPAIGNING IN THE 1977 LOK SABHA ELECTIONS. THE TRIAL IS LIKELY TO DRAG ON FOR A CONSIDERABLE PERIOD OF TIME.

3. MRS. GANDHI'S APPEARANCE IN COURT WAS SOMETHING OF A MEDIA EVENT AS PHOTOGRAPHERS AND NEWSMEN JOSTLED WITH CONGRESS (I) WORKERS OUTSIDE THE COURTROOM. THE FORMER PM SOUGHT TO CAPITALIZE ON THE OCCASION AT ONE POINT BY APPEARING AT A BARRED WINDOW OF THE COURTROOM AND, WITH HANDS CLENCHING THE BARS, ADDRESSING THE CROWD OF SUPPORTERS BELOW.

4. ON OTHER LEGAL FRONTS, MRS. GANDHI IS SCHEDULED TO APPEAR TODAY (AUGUST 24) BEFORE THE JAGMOHAN REDDY COMMISSION OF INQUIRY AND TESTIFY ON THE SO-CALLED NAGARWALA AFFAIR. IN THIS INCIDENT R.S. NAGARWALA, A FORMER CAPTAIN OF THE ORDINANCE CORPS, WITHDREW RS. SIX MILLION FROM A BRANCH OF THE GOVERNMENT-OWNED STATE BANK OF INDIA ON MAY 24, 1971 BY IMPERSONATING THE VOICES OF MRS. GANDHI AND HER PRIVATE SECRETARY P.N. HAKSAR ON THE TELEPHONE. THE VOICE ON THE TELEPHONE INSTRUCTED STATE BANK CASHIER V.P. MALHOTRA TO WITHDRAW THE MONEY AND DELIVER IT TO AN INTERMEDIARY AT A PRE-ARRANGED RENDEZVOUS POINT. THE VOICE EXPLAINED THAT THE MONEY WAS REQUIRED FOR A "SECRET MISSION" IN BANGLADESH. MALHOTRA LATER CLAIMED THAT THE VOICE REALLY SOUNDED LIKE THAT OF MRS. GANDHI. FOLLOWING THE INSTRUCTIONS, HE DELIVERED THE CASH TO NAGAR-

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WALA AT THE RENDEZVOUS IN DELHI'S DIPLOMATIC ENCLAVE AREA. THE POLICE RECOVERED THE MONEY THE SAME DAY AND ARRESTED NAGARWALA, WHO WAS LATER CONVICTED AND SENTENCED TO FIVE YEARS' IMPRISONMENT. MRS. GANDHI AND HAKSAR DENIED ANY KNOWLEDGE OF THE AFFAIR. WHILE STILL IN JAIL, NAGARWALA DIED UNDER MYSTERIOUS CIRCUMSTANCES, AS DID A POLICE OFFICER INVOLVED IN THE INVESTIGATION. MALHOTRA WAS SUBSEQUENTLY EMPLOYED AS CHIEF ACCOUNTANT IN SANJAY GANDHI'S MARUTI FIRM. IN THE FOLLOWING YEARS, EFFORTS BY OPPOSITION MP'S TO SOLVE THE MYSTERIOUS CIRCUMSTANCES OF THE AFFAIR WERE CONSISTENTLY REBUFFED BY MRS. GANDHI'S GOVERNMENT. HEARINGS BEFORE THE REDDY COMMISSION, WHICH WAS APPOINTED LAST YEAR TO INVESTIGATE THE BIZARRE INCIDENT, HAVE BEEN GOING ON SPORADICALLY FOR ALMOST A YEAR.

5. MRS. GANDHI HAS ALSO BEEN SUMMONED TO APPEAR IN THE COURT OF DELHI CHIEF METROPOLITAN MAGISTRATE P.K. JAIN ON SEPTEMBER 2 IN CONNECTION WITH THE CASE FILED AGAINST HER BY THE SHAH COMMISSION OF INQUIRY. THE CASE WAS FILED AGAINST HER UNDER SECTIONS 178 AND 179 OF THE INDIAN PENAL CODE AFTER SHE REFUSED TO TAKE AN OATH AND REFUSED TO TESTIFY BEFORE THE SHAH COMMISSION IN JANUARY OF THIS YEAR.

GOHEEN

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